



EU Statement on Matters pertaining to Financial Contributions

Arms Trade Treaty

Fifth Conference of States Parties

Geneva, 26-30 August 2019

Mr. President,

I have the honour to speak on behalf of the European Union and its Member States.

The Candidate Countries the Republic of North Macedonia*, Montenegro*, Serbia* and Albania*, the country of the Stabilisation and Association Process and potential candidate Bosnia and Herzegovina, and the EFTA country Iceland, member of the European Economic Area, as well as the Republic of Moldova and Georgia align themselves with this statement.

We express our deep concern over the financial situation of the Arms Trade Treaty (ATT) which has become increasingly critical this year. The accumulated non- and late payments by approximately one third of States have put the future operation of the Treaty at risk. If the trend of a budget deficit at 15 per cent per annum continues, we may be forced towards bankruptcy. Some austerity measures, such as cancelling the annual Conference of States Parties or decreasing the current number of staff at the ATT Secretariat are not acceptable for the EU, as they would have a severe impact on the effective functioning of the Treaty and its institutions.

* The Republic of North Macedonia, Montenegro, Serbia and Albania continue to be part of the Stabilisation and Association Process.

While we should continue to look for further efficiencies, they do not provide any sustainable solution to the problems related to late and non-payments of assessed contributions.

The only sustainable solution to the current financial situation is that all States comply with their financial obligations. Once again, we strongly urge those States who have not yet done so, to pay their assessed contributions in full and on time and to settle their outstanding arrears without further delay.

We support the full implementation of the ATT Financial Rules and the President's decision to invoke Financial Rule 8.1.d at the beginning of this week. We are ready to support further appropriate measures to improve the poor payment rate. In the meantime, we should consider reasonable measures to address problems related to financial liquidity.

The ATT Management Committee plays an important role in enforcing the ATT Financial Rules. We acknowledge its pragmatic proposal to deal with the issue of the roll-over of the uncommitted balance and we underline the importance of the full implementation of Financial Rule 8.4 going forward. We are ready to consider proposed options and other exceptional measures, provided that they are implemented in a way that does not detract from the requirements for those States in arrears to meet the legal requirement to fulfil their financial obligations. In this regard, the proposal to establish a Voluntary Reserve Fund with clear terms of reference and a comprehensive mandate is worth exploring while ensuring that the fund is used to cover financial liquidity related problems and not to subsidise the non-payments.

We support the decision taken by the VTF Selection Committee regarding a country's prospects for assistance if it is more than two years in arrears of its financial obligations. We are also ready to give further consideration to similar ideas in the Sponsorship Programme.

It is highly regrettable that the critical status of finances is dominating the debate within this rather young Treaty. We urge all States to recognise their responsibility in upholding the multilateral rules-based system.

Thank you, Mr. President.